PHILIP MORRIS

GROUP OF COMPANIES

Inter-Office Memorandum

To: A. Daw **Date:** 30 November 1993

From: David Rees Davies

Subject: **3 YEAR PLAN**

I enclose a copy of the plan developed for the Corporate Affairs Department of Philip Morris Limited. To that I would add some assessment, comment and strategy applicable to the broader perspective of Philip Morris Companies in the Australian region.

CURRENT ENVIRONMENT

There are extensive constraints on marketing and restrictions on the use of cigarettes.

Tax levels are high; nevertheless there are enormous pressures for further tax increases. In addition, pricing flexibility is severely constrained by the Prices Surveillance Authority. As a consequence, there are volume and profit pressures.

In Australia, smoking is a health issue.. There is almost universal acceptance that smoking causes disease and a very effective anti-smoking movement has a willing audience to which it appears credible and reasonable.

In contrast, the industry suffers from negative perceptions and cynical audiences. The industry and our smokers are isolated.

There is not an effective lobbying role among the legislature, the media or other opinion leaders. The isolation is exacerbated by significant legal exposure. Australia is a template for anti-smoking groups in other countries.

Recently, a prominent anti-smoking activist, Nigel Gray, said that the battles all had been won; that the tobacco industry had been defeated and was a spent force. Our goal is to prove that he is wrong and to destroy the template.

STRATEGY

A. CORPORATE POSITION

An effort to weaken the anti-smoking movement must be complemented by a proactive strategy. We must reposition our companies so that we can participate in decision making and effectively communicate our message points.

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Source: https://www.industrydocuments.ucsf.edu/docs/mkdk0000

The broad mission in Australia is consistent with the world wide mission of PM Companies.

We believe that we can establish a clear, corporate identity for Philip Morris Companies which will be the platform for participation by all of our businesses in decisions affecting their destiny. We must retain flexibility to communicate to different audiences in our different roles as Philip Morris Companies, Kraft and Philip Morris Limited. The positioning of the group of companies as participants in the economic and social community will provide the means by which we can attain our objectives for the tobacco business.

B. ISSUES

The focus of our activities should not be on the health issue. Defending our right as an industry to produce and market our products is more winnable than the questionable proposition of defending our position on smoking and health. The economic argument can be linked more effectively to defending the right of our consumers to use our products. Equally it lends itself to the development of allies and sustainable message points.

To be successful we must change attitudes towards the industry. Developing message points which transcend the smoking and health issue offers escape from the isolation we now suffer.

Philip Morris Australia cannot achieve success acting alone. We must co-opt our competitors. We must secure support from the Philip Morris family throughout the world. We must also create strong alliances with other businesses and community organisations.

We must be more realistic, more responsive and more credible. Only then can we de-escalate the debate and shift the focus to the broader issues of freedom of choice for the consumer and economic freedom for our business.

Our activities in government relations, public and external affairs and communications are all focused on a co-ordinated strategy for participation and for balance. The message is responsible and it will be delivered not merely by a tobacco company, but also by a consumer products company and by our allies in business and in the community.

Today the industry is imminently threatened by regulation and legislation, taxation and negative public opinion. A multi faceted approach, we believe, can ameliorate the threat, slow down the wave of regulation and retain for the Company its ability to market cigarettes profitably. The focus must remain on a long term strategic program from which we cannot be deflected by short term crises.

C. RESOURCES

- **Companies**

  Our businesses are a vital strength. We should seek to communicate an economic profile demonstrating diversity and strength.

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- **Employees**

  It is essential to create awareness among our employees and to harness their strengths as ambassadors to community and trade customers and as voters. Communication strategies will be developed to address this strategy.

- **Consultants**

  We have enlisted new consultants in both the political and public relations areas. These have greatly enhanced our knowledge, skill and access and given us credibility.

- **Business Organisations**

  Have been utilised to create strategic alliances and to improve access and credibility.

- **Sponsorship**

  Remains an opportunity, particularly for a corporate profile.

- **GOAL**

  - A diverse consumer packaged goods company, responsive to consumers, caring for its employees and supportive of its community
  - An admired and appreciated corporate citizen
  - Legitimate and credible participant
  - Confident, subtle and urbane

David R. Davies

Attach:

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Source: https://www.industrydocuments.ucsf.edu/docs/mkdk0000